



# **The Commonwealth of Massachusetts**

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## **DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY**

### **BAY STATE GAS COMPANY** **D.T.E. 05-27**

#### **FIFTH SET OF INFORMATION REQUESTS OF THE DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY TO THE COMPANY**

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Pursuant to 220 C.M.R. § 1.06(6)(c), the Department of Telecommunications and Energy ("Department") submits to Bay State Gas Company ("Bay State" or "Company") the following set of Information Requests for response within ten days of issuance:

- DTE 5-1      Refer to Exh. BSG/SHB-1, at 19, ln. 17-19. Please provide complete and detailed documentation that supports the Company's claim that, "the cost to secure these services from [NiSource Corporate Services Company ("NCSC")] is less than the cost that Bay State would incur if it secured these various services separately from the competitive marketplace."
- DTE 5-2      Refer to Exh. BSG/SHB-1, at 19. Is the Company claiming that NCSC provides services to Bay State at a lower cost than Bay State would incur if it provided these services "in house"? If so, please provide complete and detailed documentation that supports this claim.
- DTE 5-3      Refer to Exh. BSG/SHB-1, at 20, line 8. Please provide a copy of Securities and Exchange Commission Rules 90 and 91 referenced on this page.
- DTE 5-4      Refer to Exh. BSG/SHB-1, at 20, ln. 11-18. Were there individuals on the payroll at Bay State prior to the 1998 acquisition of Bay State by NIPSCO Industries that performed any of the functions listed in this passage? If so, please indicate if it was determined that these individuals were not performing these tasks on a cost-effective basis. If so, how was such a determination made?
- DTE 5-5      Refer to Exh. BSG/SHB-1, at 20, line 22. Please indicate in which cases Bay State is not able to choose from whom it receives these types of services if it decides those services should not be provided by NCSC.

- DTE 5-6 Refer to Exh. BSG/SHB-4. What is the term of the Operational Service Agreement between Bay State and Northern Utilities, Inc.
- DTE 5-7 Refer to Exh. BSG/SHB-4. Are the factors that are used in the three-factor and two-factor equations (e.g., gross utility plant less goodwill) updated each year?
- DTE 5-8 Refer to Exh. BSG/SHB-3. Please provide a copy of the service agreement between NCSC and Bay State that was in effect during the test year.
- DTE 5-9 Refer to Exh. BSG/JES-1, at 29-30. Please provide a sample from the test year of the monthly invoice for contract billing from NCSC to Bay State. In addition, provide a sample from the test year of the monthly invoice for convenience billing from NCSC to Bay State.
- DTE 5-10 Refer to Exh. BSG/JES-1, Workpaper JES-6, at 25. The reference made on line 8 of this page appears to be for a document that was not provided with the Company's filing. Is this reference correct? If so, please provide the referenced document. If not, please correct the reference.
- DTE 5-11 Refer to Exh. BSG/JES-6. For the months November and December 2004, please provide the source materials and workpapers for the values found in all columns on pages 1-3 of this exhibit.
- DTE 5-12 Refer to Exh. BSG/JES-1, Workpaper JES-8 at 1 and the Company's response to DTE 1-20. Please provide a copy of Lease 31946-00018, Lease 31946-00022 and Lease 31946-00016.
- DTE 5-13 Refer to Exh. BSG/JES-1, Workpaper JES-8 at 1. Please explain the origin and derivation of the percentages found on Line 2.
- DTE 5-14 Refer to Exh. BSG/JES-1, Sch. JES-6, at 16. Please provide the Itron lease(s).
- DTE 5-15 Please provide all correspondence between Metscan and Bay State, or any of its affiliates since 1992.
- DTE 5-16 Please provide all correspondence between Itron and Bay State, or any of its affiliates since 1992.
- DTE 5-17 Refer to Exh. BSG/SHB-1, at 47, ln. 19-22. Please provide all documentation and/or analysis supporting the Company's claim that Itron's ERT technology was more cost-effective than the Metscan devices. Specifically, provide the information that made this assertion apparent to Bay State in 1999.

- DTE 5-18 Refer to Exh. BSG/SHB-1, at 48, ln. 2-4. Please provide all documentation, correspondence, etc. supporting the Company's claim that Itron's commitment to provide technological and operational support to the Metscan technology was diminishing.
- DTE 5-19 Refer to Exh. BSG/SHB-1, at 48, ln. 6-8. Please provide all documentation, correspondence, etc. relied on by the Company to support its claim that exposure to the elements reduced the reliability of the Metscan devices.
- DTE 5-20 Were the Metscan devices providing inaccurate or unreliable meter reads? If so, please provide all documentation to support this claim.
- DTE 5-21 Refer to Exh. BSG/SHB-1, at 48, ln. 6-13. Please provide all documents related to Bay State's decision in 2000 to replace the Metscan system with the Itron system.
- DTE 5-22 Refer to Exh. BSG/SHB-1, at 48, ln. 17-20. Please provide the 2004 correspondence between Itron and the Company that supports the claim that Itron planned to discontinue production of Metscan devices and would no longer support the software that is used to collect meter readings.
- DTE 5-23 Refer to Exh. BSG/SHB-1, at 49, ln. 6-11. Will the Company eventually replace these remaining Metscan meters with Itron meters? If not, how will the Company cover the service support needs of these remaining Metscan devices?
- DTE 5-24 How long does the Company anticipate that the Itron devices will be in-service? Please provide all documentation to support this claim.
- DTE 5-25 Refer to Exh. BSG/SHB-1, at 50, ln. 1-2. Please explain what benefits the Itron system provides to Bay State customers.
- DTE 5-26 Refer to Exh. BSG/JES-1, at 35. Please provide all communications, documents and workpapers associated with the \$2.4 million sale/lease back of Itron equipment that occurred in December 2004.
- DTE 5-27 Refer to Exh. BSG/JES-1, at 35. Did Bay State or any of its affiliates own the Itron equipment outright prior to the \$2.4 million sale/lease back of Itron equipment that occurred in December 2004? If not, what was the status of the Itron equipment prior to December 2004? If so, why did Bay State decide to enter into the sale/lease back arrangement?

- DTE 5-28 Refer to Exh. BSG/JES-1, at 39, ln. 9-16, Exh. BSG/JES-1, at 70, ln. 13-16, and Sch. JES-7, at 3. Is the remaining amount of \$644,449 associated with the Metscan devices that have yet to be changed out to ERTs? As of December 31, 2004, exactly how many Metscan devices continue to provide service for the Company?
- DTE 5-29 Refer to Exh. BSG/JES-1, at 39, ln. 9-16 and Sch. JES-7, at 3. Please explain the derivation of the accrual rate found on line 43 of Schedule JES-7, at 3. Provide all workpapers and assumptions associated with the derivation of this number.
- DTE 5-30 Refer to Exh. BSG/SHB-1, at 51, ln. 18-22. Please provide a cite to where the Department made the determination that Bay State's integrated service business is not a competitive affiliate.
- DTE 5-31 Refer to Exh. BSG/SHB-1, at 58, ln. 3-7. Of the \$17.3 million that the service business grossed in the test year, how much of that total is included above the line and how much is below the line?
- DTE 5-32 Refer to Exh. BSG/JES-1, at 9, ln. 9-13. Please provide the 2004 per books results, both above the line and below the line, for the Company's integrated energy product and services ("EP&S") group. In addition, please provide this information for each of the programs offered through EP&S: Guardian Care Business Service; Water Heater Rental Business; Boiler and Furnace Sales and Installation Business; Annual Inspections; and Fee for Service.
- DTE 5-33 Refer to Exh. BSG/JES-1, Workpaper JES-6, at 23. Please provide the source documents for the "Miscellaneous Service Revenue" values found on ln. 1. In addition, provide the source document for the "EP&S Income Statement" referenced on this page.
- DTE 5-34 Refer to Exh. BSG/JES-1, at 28-29. Please provide the total costs incurred by NCSC during the test year and the amount billed to each affiliate of NiSource, Inc.
- DTE 5-35 Refer to Exh. BSG/JES-1, at 28. Please provide a hypothetical example which illustrates the journal entries recorded on the books of both Bay State Gas and NCSC to account for the billing of services rendered by the service company.
- DTE 5-36 Refer to Exh. BSG/JES-1, at 31. Please provide the derivation of the total payroll taxable for social security tax purposes of 74 percent. In addition,

please provide any payroll tax returns (Form 941, for example, which support the Company's calculation.

DTE 5-37 Refer to Exh. BSG/SHB-1, at 18. Please provide a copy of the most recent report issued by the Securities and Exchange Commission resulting from an audit of the operations of NCSC.

DTE 5-38 Refer to Exh. BSG/JES-1, at 28-29. Please provide a copy of two job orders, randomly selected from those issued on the last business day of the month for each month of the test year, where it was necessary to allocate charges incurred by NCSC among affiliates.

DTE 5-39 Refer to Exh. BSG/SHB-1, at 25-26. Please provide a copy of two job orders, randomly selected from those issued on the last business day of the month, for each month of the test year, which show billings for services rendered from the Company to Northern Utilities and from Northern Utilities to the Company.

Dated: May 24, 2005